



**REQUEST FOR PROPOSALS
MANAGER OF MANAGERS FOR EMERGING MANAGER PROGRAM
RFP NUMBER 07-06**

RELEASE DATE: July 23, 2007

DEADLINE FOR INQUIRIES: August 6, 2007 – 3:00 PM (EDT)
DEADLINE FOR SUBMISSION: August 24, 2007 – 3:00 PM (EDT)

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**REQUEST FOR PROPOSALS
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**SECTION ONE
GENERAL INFORMATION**

1.1 INTRODUCTION

The Indiana Public Employees' Retirement Fund ("PERF") is soliciting proposals from all qualified firms who wish to be considered as a portfolio manager to manage a \$100M mandate in a fund of funds structure. PERF is seeking to invest in top-tier emerging managers through the utilization of a manager of managers (MoM). The primary objective is to achieve above benchmark rates of return through a diversified portfolio of investments in emerging managers. The secondary objective is to invest a portion of the fund with emerging managers located in Indiana, minority managers, and/or women-owned managers without negatively impacting the primary objective. PERF seeks to do so through a strategic relationship with a MoM.

PERF is a non-profit, quasi-state agency of the state of Indiana that was created on July 1, 1945, with the passage of the Public Employees' Retirement Act. PERF provides service to the members and their employers for all of the pension funds administered by PERF, having as its goal the accurate accumulation of data and funds in order to provide correct and prompt retirement benefits. The total asset value of funds managed by PERF as of May 31, 2007, was \$17.3 billion.

1.2 DEFINITIONS AND ABBREVIATIONS

Following are explanations of terms and abbreviations appearing throughout this RFP. Other special terms may be used in the RFP, but they are defined where they appear, rather than in the following list.

| | |
|------------|--|
| Board | Board of Trustees of PERF. |
| IAC | The Indiana Administrative Code. |
| IC | The Indiana Code. |
| PERF | Indiana Public Employees' Retirement Fund |
| Proposal | An offer. |
| Respondent | An offeror who submits a proposal. |
| Services | Work to be performed as specified in this RFP. |
| Vendor | Any successful respondent selected as a result of the procurement process to deliver services requested by this RFP. |

1.3 ISSUER

In accordance with Indiana statutes governing the administration of PERF, PERF has issued this RFP. The staff of PERF has prepared the content of the RFP. One (1) copy of this RFP may be provided free of charge from PERF or a copy may be obtained from PERF's contracts website at: (<http://www.in.gov/perf/agency/contracts.html>). A nominal fee will be charged for providing additional hard copies.

1.4 DUE DATE AND FORMAT FOR PROPOSALS

All proposals must be received at the address below no later than August 24, 2007 at 3:00 PM (EDT). Each respondent must submit one (1) original (marked "Original"), one (1) copy of the proposal in CD ROM format, and five (5) copies of their proposal, including the transmittal letter and other related documentation as required in Sections 4.2 and 4.3 of this RFP. The proposal must be addressed/delivered to:

Rebecca Cook
Procurement Officer
Indiana Public Employees' Retirement Fund
143 W. Market Street
Indianapolis, IN 46204

Any proposal received after the due date and time will not be considered. Any late proposals will be returned, unopened, to the respondent, upon request, within thirty (30) days of filing.

1.5 MODIFICATION OR WITHDRAWAL OF OFFERS

Responses to this RFP may be modified or withdrawn in writing or by fax notice received prior to the date specified for receipt of proposals. The respondent's authorized representative may also withdraw the proposal in person, providing his or her identity is made known and he or she signs a receipt for the proposal. Proposals may not be withdrawn after the proposal due date has passed.

Modification to or withdrawal of a proposal received after the date specified for receipt of proposals will not be considered. If it becomes necessary to revise any part of this RFP or if additional data is necessary for an exact interpretation of provisions of this RFP prior to the due date for proposals, a supplement will be posted by PERF on its website (<http://www.in.gov/perf/agency/contracts.html>). If such addenda issuance is necessary, PERF reserves the right to extend the due date of proposals to accommodate such interpretations or additional data requirements.

1.6 JOINT BIDS / SUBCONTRACTING

PERF will not entertain joint bids.

Although PERF anticipates that any respondent submitting a proposal will provide the major portion of the services as requested, subcontracting by the respondent is acceptable in performing the requirements of this RFP. However, the respondent must obtain the approval of PERF before subcontracting any portion of the

project's requirements. The respondent is responsible for the performance of any obligations that may result from this RFP and shall not be relieved by the non-performance of any subcontractor. Any respondent's proposal must identify all subcontractors and outline the contractual relationship between the respondent and each subcontractor. Either a copy of the executed subcontract or a letter of agreement over the official signature of the firms involved must accompany each proposal.

Any subcontracts entered into by the respondent must be in compliance with all State of Indiana statutes and be subject to the provisions thereof. For each portion of the proposed services to be provided by a subcontractor, the technical proposal must include the identification of the functions to be provided by the subcontractor and the subcontractor's related qualifications and experience.

The combined qualifications and experience of the respondent and any or all subcontractors will be considered in PERF's evaluation. The respondent must furnish information to PERF as to the amount of the subcontract, the qualifications of the subcontractor for guaranteeing performance, and any other data that may be required by PERF. All subcontracts held by the respondent must be made available upon request for inspection and examination by appropriate PERF officials and such relationships must meet with the approval of the PERF.

1.7 CONFIDENTIAL INFORMATION

Respondents are advised that materials contained in proposals are subject to the Indiana Public Records Act, IC 5-14-3 et seq., and, after the contract award, may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception to the Indiana Public Records Act must place all confidential documents (including the requisite number of copies) in a sealed envelope clearly marked "Confidential" and must indicate in the transmittal letter and on the outside of that envelope that confidential materials are included. The respondent must also specify which statutory exception provision applies.

PERF reserves the right to make determinations of confidentiality. If PERF does not agree that the information designated is confidential under one of the disclosure exceptions to the Indiana Public Records Act, it may either reject the proposal or discuss its interpretation of the allowable exceptions with the respondent. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, PERF will remove the proposal from consideration for award and return the proposal to the respondent. PERF will not determine prices to be confidential information.

1.8 RFP RESPONSE COSTS

PERF accepts no obligations for costs incurred by respondents in anticipation of being awarded a contract.

1.9 PROPOSAL LIFE

All proposals made in response to this RFP must remain open and in effect for a period of not less than 180 days after the due date for proposals. Any proposal accepted by PERF for the purpose of contract negotiations shall remain valid until superseded by a contract or until rejected by PERF.

1.10 TAXES

PERF is exempt from federal, state, and local taxes. PERF will not be responsible for any taxes levied on the respondent as a result of any contract resulting from this RFP.

1.11 SECRETARY OF STATE REGISTRATION

Before an out-of-state respondent can do business with PERF, the respondent must be registered with the Indiana Secretary of State. If an out-of-state respondent does not have such registration at present, the respondent should contact

Secretary of State of Indiana
Corporation Division
402 West Washington Street, E018
Indianapolis, IN 46204
(317) 232-6576

for the necessary registration application form, or it can be accessed via the internet at <http://www.in.gov/icpr/webfile/formsdiv/38784.pdf>. It is each respondent's responsibility to register prior to the initiation of any contract discussions.

1.12 DISCUSSION FORMAT

PERF reserves the right to conduct discussions, either oral or written, with those respondents determined by PERF to be reasonably viable to being selected for award. PERF also reserves the right to conduct clarifications to resolve minor issues.

1.13 SUMMARY OF MILESTONES

The following is the expected timeline for the RFP.

| <u>ACTIVITY</u> | <u>EXPECTED DATE</u> |
|---------------------------------------|--------------------------------------|
| RFP published/released | July 23, 2007 |
| Respondent's inquiry period ends | August 6, 2007 3:00 PM (EDT) |
| Proposal submission date | August 24, 2007 3:00 PM (EDT) |
| Evaluation and selection of finalists | Completed September 14, 2007 |
| Meetings with finalists | Weeks of September 17th & 24th, 2007 |

SECTION TWO PROPOSAL PROCEDURES

2.1 CONTACTS

Inquiries are not to be directed to any staff or Board member of PERF, except as outlined in Section 2.3. Such unauthorized communication(s) may disqualify respondent from further consideration. The Fund reserves the right to discuss any part of any response for the purpose of clarification. Respondents will be given equal access to any communications about the request for proposals between the Fund and other respondents.

2.2 PRE-PROPOSAL CONFERENCE

It is the decision of PERF that no pre-proposal conference is required for this RFP.

2.3 INQUIRIES ABOUT THE RFP

All inquiries and requests for information affecting this RFP must be submitted in writing by e-mail to:

Rebecca Cook
Procurement Officer
rcook@perf.state.in.us

no later than August 6, 2007 at 3:00 PM (EDT). PERF reserves the right to judge whether any questions should be answered in writing and copies will be distributed to all prospective respondents who are known to have received a copy of the original RFP.

2.4 RESPONDENT SITE VISITS

PERF may request a site visit to a respondent's working support center to aid in the evaluation of the respondent's proposal.

2.5 CONTRACT AWARD

Based on the results of this process, the qualifying proposal determined to be the most advantageous to PERF, taking into account all of the evaluation factors, may be selected by PERF for further action, such as contract award. If, however, PERF decides that no proposal is sufficiently advantageous to PERF, PERF may take whatever further action is deemed best in its sole discretion, including making no contract award. If, for any reason, a proposal is selected and it is not possible to consummate a contract with the respondent, PERF may begin contract preparation with the next qualified respondent or determine that it does not wish to award a contract pursuant to this RFP.

PERF reserves the right to reject any or all proposals received or to award, without discussions or clarifications, a contract on the basis of proposals received. Therefore, each proposal should contain the respondent's best terms from a price and technical standpoint.

SECTION THREE LENGTH OF CONTRACT AND PRICING

3.1 LENGTH OF CONTRACT

The term of the contract entered into under this RFP shall be for a period of two (2) years, beginning from the date of final execution of the contract. The contract may be renewed by PERF at its discretion. Total contract period shall not exceed ten (10) years.

3.2 PRICING

The compensation for the duration of any contract awarded under this RFP shall be fixed by negotiation from the pricing set forth in response to this Request for Proposals. Once the apparent successful Respondent is selected, the pricing may be negotiated further. PERF requests the pricing associated with this RFP be a firm proposal price that must remain open and in effect for a period of not less than 180 days from the proposal due date. Prices quoted shall include all costs for services provided under this contract. Any unspecified costs shall be borne by the Respondent.

SECTION FOUR PROPOSAL PREPARATION INSTRUCTIONS

4.1 GENERAL

To facilitate the timely evaluation of proposals, a standard format for proposal submission has been developed and is documented in this section. All respondents are required to format their proposals in a manner consistent with the guidelines described below:

1. Each item must be addressed in the respondent's proposal or the proposal may be rejected.
2. The transmittal letter should be in the form of a letter. The business proposal must be organized under the specific section titles as listed below.
3. PERF may, at its option, allow all respondents a five-calendar-day period to correct errors or omissions to their proposals. Should this necessity arise, PERF will contact each respondent affected. Each respondent must submit written corrections to the proposal within five calendar days of notification. The intent of this option is to allow proposals with only minor errors or omissions to be corrected. Major errors or omissions, such as the failure to include prices, will not be considered by PERF as a minor error or omission and may result in disqualification of the proposal from further evaluation.

A complete proposal will include the following:

1. Hard copy submission of a transmittal letter (with the information in Section 4.2)
2. Hard copy submission of a Business Proposal (with the information and attachments described in Section 4.3)
3. Original, five (5) copies, and CD ROM of entire proposal as outlined in Section 1.4

4.2 TRANSMITTAL LETTER

The Transmittal Letter must address the following topics:

4.2.1 Identification

The transmittal letter must first identify the RFP.

4.2.2 Summary of Ability and Desire to Supply the Required Services

The transmittal letter must briefly summarize the respondent's ability to supply the requested services. The letter must also contain a statement indicating the respondent's willingness to provide the requested services subject to the terms and conditions set forth in the RFP including, but not limited to, PERF's standard contract clauses.

4.2.3 Signature of Authorized Representative

A person authorized to commit the respondent to its representations must sign the transmittal letter. Respondent personnel signing the transmittal letter of the proposal must be legally authorized by the organization to commit the organization contractually. This section must

contain proof of such authority. A copy of corporate bylaws or a corporate resolution adopted by the board of directors indicating this authority will fulfill this requirement.

4.2.4 Other Information

Any other information the respondent may wish to briefly summarize will be acceptable.

4.3 BUSINESS PROPOSAL

The Business Proposal must contain the following items:

4.3.1 Ability to Perform Scope of Services

Respondent should demonstrate in this section its ability to meet the requirements set forth in Exhibit A, Scope of Services.

4.3.2 References

The respondent should include a list of at least three (3) clients for whom the respondent has provided products and services that are the same or similar to those products and services requested in this RFP. Any state government or pension fund for whom the respondent has provided these products and services should be included; also to be included should be clients with locations near Indianapolis, as site visits may be arranged. Information provided should include the name, address, and telephone number of the client facility and the name, title, e-mail address, and phone/fax numbers of a person who may be contacted for further information.

4.3.3 Registration to do Business

Respondents proposing to provide services required by this RFP are required to be registered to do business within the state by the Indiana Secretary of State. The address contact information for this office may be found in Section 1.11 of this RFP. This process must be concluded prior to contract negotiations with PERF. It is the successful respondent's responsibility to complete the required registration with the Secretary of State. The respondent must indicate the status of registration, if applicable, in this section of the proposal.

4.3.4 Subcontractors

The respondent must list any subcontractors that are proposed to be used in providing the required services. The subcontractor's responsibilities under the proposal, the subcontractor's form of organization, and an indication from the subcontractor of a willingness to carry out these responsibilities are to be included for each subcontractor. This assurance in no way relieves the respondent of any responsibilities in responding to this RFP or in completing the commitments documented in the proposal.

4.3.5 Financial Statements

This section must include the respondent's financial statements, including an income statement and balance sheet for each of the two most recently completed fiscal years.

4.3.6 Minority Business Development

The contract goal is that at least seven percent (7%) of state contracts be with minority and women business enterprises as defined in IC 4-13-16.5. This goal is established under IC 4-13-16.5-2 (f) (7). It is the intent of the Funds to meet or exceed the 7% minority and women's business enterprise participation goal.

Participation does not need to be only through subcontractors, but can also be through second-tier participation with common suppliers (office supplies, courier services, accounting services, janitorial services, etc.). Include only the proportion of those contracts which pertain to the bid being submitted.

SECTION FIVE PROPOSAL EVALUATION

PERF has selected a group of qualified personnel to act as an evaluation team. The procedure for evaluating the responses against the evaluation criteria will be as follows:

1. Each response will be evaluated on the basis of the criteria listed below.
2. Based on the results of the evaluation, the proposal determined to be most advantageous to PERF, taking into account all of the evaluation factors, may be selected by PERF for further action.
3. In addition, the evaluation team will consider other factors they believe to be material for this selection.

Proposals will be evaluated based upon the proven ability of the respondent to satisfy the requirements in an efficient, cost-effective manner, taking into account quality of service with minimal tolerance for error. Specific criteria include:

1. Ability to meet program objectives
2. Client service
3. Product
4. Risk control and management
5. Manager due diligence process
6. Investment philosophy and process
7. Organization
8. Experience with public plans
9. Performance
10. Personnel
11. Experience and track record in the field
12. Price

All proposals will be reviewed by members of PERF. References may be contacted. It is possible that finalists will be interviewed by persons participating in the selection process

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**EXHIBIT A
SCOPE OF SERVICES**

The Indiana Public Employees' Retirement Fund ("PERF") is launching an emerging manager program that will seek to invest in top-tier emerging managers through the utilization of the expertise of a MoM. The primary objective is to achieve above benchmark (either custom or standard) rates of return through a diversified portfolio of investments in emerging managers. The secondary objective is to invest a portion of the fund with emerging managers located in Indiana, minority managers, and/or women-owned managers, without negatively impacting the primary objective. PERF seeks to do so through a strategic relationship with a MoM. Therefore, the Indiana Public Employees' Retirement Fund ("PERF") is soliciting proposals from all vendors who wish to be considered as a vendor to provide discretionary management of emerging managers (defined to be managers with total assets under management under \$2B) in a separate account through a fund of funds structure. Specifically, PERF seeks to identify manager of managers that specialize in the sourcing, evaluating, selecting, monitoring, and developing of emerging managers.

Additionally, PERF seeks a manager that will preference hiring managers that are minority-owned, women-owned, and/or Indiana-based firms on an all else equal basis. This preference should not be at the expense of the primary objective of achieving above benchmark rates of return through a diversified portfolio of investments in emerging managers.

PERF will work with the selected Manager to:

1. Determine the overall investment strategy for this mandate;
2. Establish a minimum set of selection and termination criteria for the underlying managers;
3. Establish PERF's participation in the monitoring process of the underlying managers;
4. Establish the reporting requirements due to PERF;
5. Establish clearly delineated expectations for graduation criteria for the underlying managers;
6. Provide other services as may be required that are consistent with this mandate.

Finally, PERF may desire to accompany the selected manager of managers when they perform an annual on-site due diligence meeting with managers included in this program.

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**EXHIBIT B
CONTRACT TERMS AND CONDITIONS**

Attached is a sample Investment Management Contract:



CONTRACT #: (CONTRACT NUMBER)
(VENDOR NAME)
FOR
INVESTMENT MANAGEMENT

CONTRACT FOR SERVICES

THIS INVESTMENT MANAGEMENT CONTRACT is made this ____ day of _____, 2007, by and between _____ (the "Investment Manager") and the Board of Trustees (the "Board") of the Indiana Public Employees' Retirement Fund (hereinafter referred to as "PERF" or "Fund") a tax-qualified governmental retirement system established pursuant to the laws of the state of Indiana.

WHEREAS, the Fund desires to contract for services in the area of investment management services; and

WHEREAS, the Investment Manager is willing to provide such services;

NOW, THEREFORE, the above-named parties enter into this contract upon the following terms and conditions:

1. Duties Of Investment Manager

The Investment Manager shall be responsible for the investment and reinvestment of those assets of the Fund that have been designated by the Board as subject to Investment Manager's management, which designation may change from time to time, and which may increase or decrease. Investment Manager, as agent for the Board with respect to such assets, when it deems appropriate and without consultation with the Board, may, in its sole discretion, but subject to the Fund's Statement of Investment Policy, a copy of which is attached hereto and incorporated herein, buy, sell, exchange, and otherwise trade in securities. Investment Manager agrees to accept, from time to time, as the Board shall desire, additional cash and funds, all to be administered under the terms of this contract. The Investment Manager's specific investment mandate and benchmark shall be determined in accordance with Exhibit B attached hereto and incorporated herein.

In making such investments, the Investment Manager shall consider the following factors and such other objectives as may be communicated in writing by the Board to Investment Manager from time to time: the purpose of the Fund, the Investment Manager's mandate, the Fund's financial needs, and the Fund's Investment Policy. The Investment Manager shall be responsible for complying with all applicable laws and the Fund's Investment Policy. The ethics provisions of the Investment Policy that apply to Investment Managers and state ethics laws (Indiana Code 4-2-6) and ethics rules promulgated by the State Ethics Commission (40 Indiana Administrative Code 2) shall apply to the Investment Manager. Investment Manager acknowledges receipt of copies of all documents referenced herein.

The Investment Manager hereby accepts the responsibility for the investment and reinvestment of those assets of the Fund which have been designated by the Board as subject to Investment Manager's management, and Investment Manager acknowledges and agrees that it is a fiduciary with respect to the Fund.

Investment Manager further agrees to provide such investment management services with respect to the Fund in accordance with this Investment Management Contract (including all attachments hereto) as a fiduciary.

Ownership of managed assets shall remain with the Fund. Investment Manager shall not, under any circumstances, take possession, custody, title, or ownership of any managed assets. Investment Manager shall not have the right to have securities registered in its own name or in the name of its nominee, nor shall Investment Manager in any manner acquire or become possessed of any income or proceeds distributable by reason of selling, holding or controlling any managed assets. Accordingly, Investment Manager shall have no responsibility with respect to the collection of income, physical acquisition, or the safekeeping of the

managed assets. All such duties of collection, physical acquisition, or safekeeping shall be the obligation of the Custodian.

2. Standard Of Care

The Investment Manager shall perform its duties hereunder with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

The Investment manager shall discharge its duties hereunder with respect to the Fund solely in the interest of, and for the exclusive purpose of providing benefits for, the Fund's beneficiaries. The Investment Manager shall regard as confidential all information regarding the operations and investments of the Fund and shall not disclose such information except as required by law or by order of a court of competent jurisdiction without prior written consent of the Fund.

Notwithstanding the foregoing, the Fund agrees that the Investment Manager may from time to time, as it deems necessary or advisable in its discretion, disclose to third parties that the Fund is one of the Investment Manager's clients, but the Investment Manager agrees that such disclosure shall be limited to supplying the name of the Fund only, and not the nature or extent of its investments or any other information concerning the Fund.

3. Representations, Warranties, And Covenants Of The Investment Manager

The Investment Manager represents and warrants to the Board that it is a registered investment advisor within the meaning of the Investment Advisor Act of 1940 and Securities and Exchange Commission Acts, unless exempted from registration by the SEC.

The Investment Manager shall secure and maintain at all times during the term of the Investment Management Contract a fidelity bond, errors and omission insurance coverage, and fiduciary liability insurance coverage in the amounts required by the Board in the Fund's Investment Policy. The Investment Manager shall annually provide written evidence of such coverage's to the Board. Any new policy may not contain a prior acts exclusion unless the Investment Manager obtains extended reporting coverage for the benefit of the Fund.

The Investment Manager agrees to execute its responsibilities by following and applying at all times the highest professional and technical guidelines and standards. If the Fund becomes dissatisfied with the work product or the working relationship with those individuals assigned to work on this Contract, the Fund may request in writing the replacement of any or all such individuals.

The Investment Manager shall notify the Board and its investment consultant in writing within three (3) business days of any of the following changes: (1) Investment Manager becomes aware that any of its representations, warranties and covenants set forth herein cease to be materially true at any time during the term of this contract; (2) there is any material change in senior officers, senior personnel involved in the management of the Fund's assets, or in ownership or control of Investment Manager; (3) Investment Manager becomes aware of any other material change in its portfolio management structure or its business organization, including without limitation the filing for bankruptcy relief.

To the extent permitted by applicable law, Investment Manager shall promptly advise Fund in writing

of any investigation, examination, complaint, disciplinary action or other proceeding relating to or affecting Investment Manager's ability to perform its duties under this contract which is commenced by any of the following: (1) the Securities and Exchange Commission of the United States; (2) the New York Stock Exchange; (3) the American Stock Exchange; (4) the National Association of Securities Dealers; (5) any Attorney General or any regulatory agency of any state of the United States; (6) any U.S. Government department or agency; or (7) any governmental agency regulating securities of any country in which Investment Manager is doing business. Except as otherwise required by law, Fund shall maintain the confidentiality of all such information until the investigating entity makes the information public.

The Investment Manager shall furnish to the Board, from time to time, such evidence as the Board may reasonably request that the Investment Manager satisfies the foregoing requirements. The Investment Manager shall promptly notify the Board if it has reason to believe that any of the foregoing representations, warranties, or covenants may cease to be satisfied.

The Investment Manager shall comply with all applicable laws of the state of Indiana, the United States of America, and any applicable governmental or regulatory authority outside of the United States. Regulatory reports required under laws applicable to the Investment Manager by any regulatory authority shall be the responsibility of the Investment Manager.

4. Procedures

All transactions authorized by this contract shall be settled through the Fund's Custodian, which shall retain sole possession of and have complete custodial responsibility for the managed assets, the management or disposition of such managed assets, and the purchase or acquisition of other securities or property. Investment Manager shall provide the Custodian with such trade information as the Custodian may require to effect settlement, within the time frames as Custodian may designate. Fund shall provide Investment Manager with the Custodian's detailed procedures and settlement instructions upon execution of this contract.

Investment Manager shall instruct all broker/dealers executing orders to forward to the Custodian copies of all brokerage confirmations promptly after execution of transactions. Where a transaction is eligible for settlement through the Depository Trust Company's Institutional Delivery System, Investment Manager shall use such Institutional Delivery System for trade confirmation and settlement. Investment Manager shall cooperate with Fund's Custodian and other parties to the trade to promptly resolve any trade settlement discrepancies or disputes.

5. Allocation Of Brokerage

Subject to the Investment Policy, Investment Manager shall have complete authority and discretion to establish accounts with one or more duly registered broker/dealers. Consistent with ensuring the safety of the managed assets, Investment Manager shall engage in a prudent and diligent broker/dealer selection process. Investment Manager shall ensure that all orders are placed with only reputable, qualified and financially sound broker/dealers. Investment Manager's primary objective shall be to select broker/dealers which will provide the most favorable net price and execution for the Fund, but this requirement shall not obligate Investment Manager to recommend any broker/dealer solely on the basis of obtaining the lowest commission rate if the other standards set forth herein are satisfied. Notwithstanding the foregoing, Investment Manager shall not place orders with any broker/dealer which: (1) Fund has by written notice to Investment Manager deemed unsuitable for Fund trades, (2) is affiliated with an investment consultant that provides non-brokerage related services to Fund; and/or (3) is affiliated with Investment Manager. Investment Manager agrees to be bound by any subsequent changes to such list upon receipt of written notice from Fund.

6. Fees

The Investment Manager's compensation shall be determined in accordance with Exhibit A attached hereto and incorporated herein, and shall be payable quarterly in arrears based on the market value of the assets as of the last business day of the calendar quarter for which such compensation is due or the date of termination of the Contract ("Valuation Date"), whichever is later. The assets managed by the Investment Manager will be appraised on the Valuation Date. Fees are based on the market value of the assets according to such appraisal, except that any contributions or withdrawals during any calendar quarter shall be added to or deleted from the value of the assets as of the date of such contribution or withdrawal, and the fee shall then be calculated on a pro rata basis. The calculation of the quarterly investment management fee shall be prorated during any calendar quarter for which this Investment Management Contract is in effect for less than the full quarter.

The Investment Manager represents that no other current client having the same investment mandate obtained prior to or subsequent to Fund will be charged a lower fee than the Fund for managing substantially the same amount of assets in substantially the same manner. The Investment Manager further agrees to promptly notify the Board if, in the future, it provides more favorable fees to other, similarly situated clients. Should that happen, the Investment Manager agrees that, on the effective date of such an occurrence, the more favorable fee structure shall be applied to this Fund in lieu of Exhibit A.

7. Effective Date; Term; Termination

This Investment Management Contract shall become effective on the date the investment management account is funded and shall continue in full force and effect until termination on _____, 2012.

This contract shall be for a period of not more than five (5) years.

This Investment Management Contract may be renewed in the sole discretion of the Fund for a period of up to the initial term in length, under the same conditions.

This Investment Management Contract may be terminated by the Board effective immediately upon the Investment Manager's receipt of written notice of termination, and by the Investment Manager upon 30 days' advance written notice to the Board; provided, however, that at any time without prior written notice, the Board, in its sole discretion, may orally direct the Investment Manager to cease its management activities with respect to this Investment Management Contract, which direction shall be confirmed, in writing, as soon as practicable. Upon such termination, fees of the Investment Manager shall be prorated to the date of termination as specified in the notice of termination. The Fund will not be liable for services performed after notice of termination.

In the event of any termination of this contract, all the terms and conditions herein shall continue to apply through the effective termination date and through any period following such date during which Investment Manager shall continue to perform the services required under this contract, in order to complete any transactions pending on the effective termination date and to facilitate an orderly transition to a successor Investment Manager ("Transition Period"). Such Transition Period shall not exceed thirty (30) days after the effective termination date. If Fund terminates this contract, and unless otherwise expressly directed by Fund, Investment Manager shall take all necessary steps to stop services under this contract on the effective termination date.

Upon any termination of this contract by Fund, and to the extent directed by Fund, Investment Manager shall continue to serve as an Investment Manager hereunder at the then-existing compensation level for the duration of the Transition Period. After the additional services have been performed, and the Transition Period is completed, Investment Manager may seek compensation for the Transition Period pursuant to Exhibit A. Investment Manager shall cooperate with the Fund in good faith to effect a smooth and orderly transfer of such services and all applicable records by the effective termination date. Upon termination of this contract, Investment Manager shall retain all Fund Records according to the record retention provisions set forth in the Access to Records Section of this contract.

In the event that either party is unable to perform any of its obligations under this contract or to enjoy any of its benefits because of (or if failure to perform the services is caused by) natural disaster, actions or decrees of governmental bodies or communication line failure not the fault of the affected party, the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance.

8. Independent Contractor

Both parties hereto, in the performance of this contract, will be acting in an individual capacity and not as agents, employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume any liability for any injury (including death) to any persons, or any

damage to any property arising out of the acts or omissions of the agents, employees, or subcontractors of the other party.

9. Access to Records

The Investment Manager shall maintain all books, documents, papers, accounting records, and other evidence pertaining to the cost incurred, and shall make such materials available at their respective offices at all reasonable times during the contract period and for seven (7) years from the date of final payment under this contract for inspection by the Fund or by any other authorized representative of the Fund, and copies thereof shall be furnished at no cost to the Fund if requested.

10. Authorized Persons and Instructions

Upon execution of this contract, Fund will provide Investment Manager with a list of Authorized Persons who will be permitted to advise, inform, and direct Investment Manager on Fund's behalf, together with signature specimens of certain Authorized Persons who may execute specific tasks under this contract. The list of Authorized Persons and any changes to such list shall be made in writing to Investment Manager and signed by the Fund's Director or the Director's designee. Until notified of any such change, Investment Manager may rely on and act upon instructions and notices received from an Authorized Person identified on the then-current list furnished by the Fund.

All Authorized Instructions shall be in writing and transmitted by first class mail, private express courier, facsimile, or other authenticated electronic transmissions; *provided, however*, that Investment Manager may, in its discretion, accept verbal Authorized Instructions subject to written confirmation of same from such Authorized Person. Such Authorized Instructions shall bind Investment Manager upon receipt. If Investment Manager receives instructions or notices from a source other than an Authorized Person, Investment Manager shall not comply with them and shall immediately notify the Fund's Executive Director in writing of such unauthorized instructions or notices.

11. Assignment

The Investment Manager shall not assign or subcontract the whole or any part of this contract without the Fund's prior written consent, except that the Investment Manager may assign its right to receive payments to such third parties as the Investment Manager may desire without the prior written consent of the Fund, provided that Investment Manager gives written notice (including evidence of such assignment) to the Fund thirty (30) days in advance of any payment so assigned. Assignment shall cover all unpaid amounts under this contract and shall not be made to more than one party.

12. Successors And Assignees

The Investment Manager binds his successors, executors, administrators, and assignees to all covenants of this contract. Except as above set forth, the Investment Manager shall not assign, sublet, or transfer interest in this contract without the prior written consent of the Fund.

If the Investment Manager is converted into, merges or consolidates with, or sells or transfers substantially all of its assets or business to another corporation, the resulting corporation or the corporation to which such sales or transfer has been made shall notify the Board of such sale or transfer and shall become the Investment Manager hereunder only if the Board specifically so consents in writing.

13. Audit And Audit Settlement

The Investment Manager acknowledges that it may be required to submit to an audit of funds paid through this Contract. Any such audit shall be conducted in accordance with IC 5-11-1, et. seq. and audit guidelines specified by the Fund. If an error is discovered as a result of an audit performed by Investment Manager or Fund, or if Investment Manager becomes aware of any error through any other means, Investment Manager shall use its best efforts to promptly correct such error or to cause the appropriate party to correct such error.

14. Compliance With Laws

The Investment Manager agrees to comply with all applicable federal, state, and local laws, rules, regulations or ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment of any state or federal statute or the promulgation of regulations thereunder after execution of this contract shall be reviewed by the Fund and the Investment Manager to determine whether any provisions of this contract require formal amendment.

15. Confidentiality Of Fund Information

The Investment Manager understands and agrees that data, materials, and information disclosed to Investment Manager contain confidential and protected data; therefore, the Investment Manager promises and assures that data, material, and information gathered, based upon, or disclosed to the Investment Manager for the purpose of this contract, will be treated as confidential and will not be disclosed to others or discussed with other parties without the prior written consent of the Fund.

16. Confidentiality Of Data, Property Rights In Products, And Copyright Prohibition

The Investment Manager agrees that all information, data, findings, recommendations, proposals, etc., by whatever name described and by whatever form therein, secured, developed, written, or produced by the Investment Manager in furtherance of this contract shall be the property of the Fund, and the Investment Manager shall take such action as is necessary under law to preserve such property rights in and of the Fund while such property is within the control and/or custody of the Investment Manager. By this contract, the Investment Manager specifically waives and/or releases to the Fund any cognizable property right of the Investment Manager to copyright, license, patent, or otherwise use such information, data, findings, recommendations, proposals, etc.

17. Ownership of Documents and Materials

All documents, records, programs, data, film, tape, articles, memos, and other materials developed under this contract shall be considered "work for hire," and the Investment Manager transfers any ownership claim to the Fund and all such matters will be the property of the Fund. Use of these materials, other than related to contract performance by the Investment Manager, without the prior written consent of the Fund, is prohibited. During the performance of the services specified herein, the Investment Manager shall be responsible for any loss or damage to these materials developed for or supplied by the Fund and used to develop or assist in the services provided herein while they are in the possession of the Investment Manager, and any loss or damage thereto shall be restored at the Investment Manager's expense. Full, immediate, and unrestricted access to the work product of the Investment Manager during the term of this contract shall be

available to the Fund.

18. Conflict of Interest

A. Conflict of interest, as defined in this section:

“Immediate family” means the spouse and the unemancipated children of an individual.

“Interested party,” means:

- a. The individual executing this Contract;
- b. An individual who has an interest of three percent (3%) or more of the Investment Manager, if the Investment Manager is not an individual; or
- c. Any member of the immediate family of an individual specified under subdivision a. or b.

“Fund” means the Indiana Public Employees’ Retirement Fund.

“Commission” means the State Ethics Commission.

B. The Fund may cancel this Contract without recourse by the Investment Manager if any interested party is, or becomes, an employee of the Fund or the state of Indiana.

C. The Fund will not exercise its right of cancellation under section B, above, if the Investment Manager gives the Fund an opinion by the Commission indicating that the existence of this Contract and the employment by the Fund of the interested party does not violate any statute or rule relating to ethical conduct of Fund employees. The Fund may take action, including cancellation of this Contract, consistent with an opinion of the Commission obtained under this section.

D. The Investment Manager has an affirmative obligation under this Contract to disclose to the Fund when an interested party is or becomes an employee of the Fund. The obligation under this section extends only to those facts that the Investment Manager knows or reasonably could know.

19. Debarment and Suspension

The Investment Manager certifies by entering into this Contract that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from entering into this Contract by any federal agency or by any department, agency or political subdivision of the State. The term “principal” for purposes of this Contract means an officer, director, owner, partner, key employee or other person with primary management or supervisory responsibilities, or a person who has a critical influence on or substantive control over the operations of the Investment Manager.

The Investment Manager certifies that it has verified the state and federal suspension and debarment status for all subcontractors receiving funds under this Contract and shall be solely responsible for any recoupment, penalties or costs that might arise from use of a suspended or debarred subcontractor. The Investment Manager shall immediately notify the Fund if any subcontractor becomes debarred or suspended, and shall, at the Fund’s request, take all steps required by the Fund to terminate its contractual relationship with the subcontractor for work to be performed under this Contract.

20. Disputes

Should any disputes arise with respect to this contract, the Investment Manager and the Fund agree to

act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.

The Investment Manager agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this contract which are not affected by the dispute. Should the Investment Manager fail to continue without delay to perform its responsibilities under this contract in the accomplishment of all non-disputed work, any additional costs incurred by the Investment Manager or the Fund as a result of such failure to proceed shall be borne by the Investment Manager, and the Investment Manager shall make no claim against the Fund or the State of Indiana for such costs.

The Fund may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment by the Fund to the Investment Manager of one or more invoices not in dispute in accordance with the terms of this contract will not be cause for Investment Manager to terminate this contract, and the Investment Manager may bring suit to collect without following the dispute procedure contained herein. This section shall not be construed to limit the right of either party to terminate the contract pursuant to the terms of the "Termination" section of the contract.

21. Maintaining a Drug-Free Workplace

a. Contractor hereby covenants and agrees to make a good faith effort to provide and maintain during the term of this contract a drug-free workplace, and that it will give written notice to the Fund within ten (10) days after receiving actual notice that an employee of Investment Manager has been convicted of a criminal drug violation occurring in Investment Manager's workplace.

b. In addition to the provisions of subparagraph a. above, if the total contract amount set forth in this contract is in excess of \$25,000.00, Investment Manager hereby further agrees that this contract is expressly subject to the terms, conditions, and representations contained in the Drug-Free Workplace Certification executed by Investment Manager in conjunction with this contract.

c. It is further expressly agreed that the failure of Investment Manager to in good faith comply with the terms of subparagraph a. above, or falsifying or otherwise violating the terms of the certification referenced in subparagraph b. above, shall constitute a material breach of this contract, and shall entitle the Fund to impose sanctions against the Investment Manager including, but not limited to, suspension of contract payments, termination of this contract and/or debarment of the Investment Manager from doing further business with the Fund for up to three (3) years.

22. Drug-Free Workplace Certification

This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. Pursuant to its delegated authority, the Fund is requiring the inclusion of this certification in all contracts with and grants from the PERF in excess of \$25,000. No award of a contract shall be made, and no contract, purchase order or agreement, the total amount of which exceeds \$25,000, shall be valid unless and until this certification has been fully executed by the Investment Manager and made a part of the contract or agreement as part of the contract documents. False certification or violation of the certification may result in sanctions including, but not limited to, suspension of contract payments, termination of the contract or agreement and/or debarment of contracting opportunities with the Fund for up to three (3) years.

The Investment Manager certifies and agrees that it will provide a drug-free workplace by:

a. Publishing and providing to all of its employees a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Investment Manager's workplace and specifying the actions that will be taken against employees for violations of such prohibition;

b. Establishing a drug-free awareness program to inform employees that (1) the dangers of drug abuse in the workplace; (2) the Investment Manager's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;

c. Notifying all employees in the statement required by subparagraph (a) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;

d. Notifying in writing the Fund within ten (10) days after receiving notice from an employee under subdivision (c)(2) above, or otherwise receiving actual notice of such conviction;

e. Within thirty (30) days after receiving notice under subdivision (c)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency; and

f. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (a) through (e) above.

23. Force Majeure; Suspension and Termination

In the event that either party is unable to perform any of its obligations under this contract or to enjoy any of its benefits because of (or if failure to perform the services is caused by) natural disaster, actions or decrees of governmental bodies, or communication line failure not the fault of the affected party (hereinafter referred to as a "Force Majeure Event"), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance.

24. Governing Laws

This contract shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in the State of Indiana.

25. Indemnification

Contractor agrees to indemnify, defend, and hold harmless the Fund and the State of Indiana, their agents, officers, and employees from all claims and suits including court costs, attorney's fees, and other expenses arising from or related to any act of bad faith, negligence, intentional or willful misconduct, breach of fiduciary duty, or any other negligent act or omission of Investment Manager and/or its agents, if any, in the performance of this contract. The Fund shall not provide such indemnification to Investment Manager.

26. Information Technology Enterprise Architecture Requirements

If the Investment Manager provides any information technology related products or services to the Fund, the Investment Manager shall comply with all IOT standards, policies and guidelines, which are online at <http://iot.in.gov/architecture/>. The Investment Manager specifically agrees that all hardware, software and services provided to or purchased by the Fund shall be compatible with the principles and goals contained in the electronic and information technology accessibility standards adopted under Section 508 of the Federal

Rehabilitation Act of 1973 (29 U.S.C. 794d) and IC 4-13.1-3. Any deviation from these architecture requirements must be approved in writing by IOT and the Fund in advance. The Fund may terminate this Contract for default if the Investment Manager fails to cure a breach of this provision within a reasonable time.

27. Key Person(s)

In the event that both parties have designated in an appendix that the individual(s) therein named are essential to the services offered pursuant to this contract, the parties agree that in the event that such individual or individuals are no longer employed during the term of this contract by the Investment Manager for whatever reason, the Fund shall have the right to terminate this contract, without penalty, upon thirty (30) days prior written notice.

In the event that the Investment Manager is an individual or a closely held corporation (as defined under Indiana law, *see, e.g., Barth v. Barth*, 659 N.E.2d 559, 561, fn.5, [and cited authority therein]), the individual or person on behalf of the corporation responsible for primary contact between the Investment Manager and the Fund at the commencement of this contract shall be considered a key person and, as such, essential to the contract. Substitution of another for the Investment Manager shall not be permitted without express written permission from the Fund.

Nothing in this Section should be construed to prevent the Investment Manager from using the services of others to perform tasks ancillary to those tasks which directly require the expertise of the key person. Examples of such ancillary tasks include secretarial, clerical, and common labor duties. The Investment Manager shall, at all times, remain responsible for the performance of all necessary tasks, whether performed by a key person or others.

28. Licensing Standards

The Investment Manager and its employees shall comply with all applicable licensing standards, certification standards, accrediting standards and any other laws, rules or regulations governing services to be provided by the Investment Manager pursuant to this Contract. The Fund shall not be required to pay the Investment Manager for any services performed when the Investment Manager, its employees or subcontractors are not in compliance with such applicable standards, laws, rules or regulations. If licensure, certification or accreditation expires or is revoked, or if disciplinary action is taken against the applicable licensure, certification or accreditation, the Investment Manager shall notify the Fund immediately and the Fund, at its option, may immediately terminate this Contract.

29. Merger & Modification

This Contract constitutes the entire agreement between the parties. No understandings, agreements, or representations, oral or written, not specified within this Contract will be valid provisions of this Contract. This Contract may not be modified, supplemented or amended, in any manner, except by written agreement signed by all necessary parties.

30. Minority and Women's Business Enterprise Compliance

The Investment Manager agrees to comply fully with the provisions of the Investment Manager's MBE/WBE participation plans, and agrees to comply with all Minority and Women's Business Enterprise

statutory and administrative code requirements and obligations, including IC 4-13-16.5 and 25 IAC 5. The Investment Manager further agrees to cooperate fully with the Minority and Women's Business Enterprise division to facilitate the promotion, monitoring, and enforcement of the policies and goals of MBE/WBE program including any and all assessments, compliance reviews, and audits that may be required.

31. Nondiscrimination

Pursuant to IC 22-9-1-10 and the Civil Rights Act of 1964, Investment Manager and its subcontractors, if any, shall not discriminate against any employee or applicant for employment, to be employed in the performance of this contract, with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of his race, color, religion, sex, disability, national origin or ancestry. Breach of this covenant may be regarded as a material breach of contract. Acceptance of this contract also signifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability or status as a veteran.

32. Notice to Parties

Whenever any notice, statement, or other communication shall be sent to the Fund or Investment Manager, it shall be sent to the following address, unless otherwise specifically advised.

Notices to the Fund shall be sent to:

Terren B. Magid, Executive Director
Public Employees' Retirement Fund
500 Harrison Building
143 West Market Street
Indianapolis, IN 46204

With copy to:

Shawn Wischmeier, Chief Investments Officer

Public Employees' Retirement Fund
500 Harrison Building
143 West Market Street
Indianapolis, IN 46204

Notices to the Investment Manager shall be sent to:

Name, Title
Investment Company
Address
City, State, Zip

33. Funding Cancellation

When the Board makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of this Contract, this Contract shall be canceled. A determination by the Board of Trustees that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

34. Condition of Payment

All services provided by the Investment Manager under this Contract must be performed to the Fund's reasonable satisfaction, as determined at the discretion of the Fund and in accordance with all applicable federal, state, local laws, ordinances, rules and regulations. The Fund shall not be required to pay for work found to be unsatisfactory, inconsistent with this Contract or performed in violation of any federal, state or local statute, ordinance, rule or regulation.

35. Payments

All payment obligations shall be made in arrears, net 30 in accordance with Indiana law and the Fund's fiscal policies and procedures. See Attachment B, Fees, incorporated by reference.

36. Penalties/Interest/Attorney's Fees

The Fund will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as required by Indiana law.

37. Progress Reports

The Investment Manager shall submit reports to the Board and Fund with the frequency and detail as more particularly stated in the Investment Policy. Written reports shall include items requested by the Fund and in the format agreed to between the Fund and Investment Manager.

At the Fund's request and at mutually agreed upon times, Investment Manager shall meet with the Fund to review Investment Manager's performance and to discuss Investment Manager's present and future investment strategy. Investment Manager shall be available to answer questions by Fund staff and Board members from time to time as needed without additional charge.

38. Severability

The invalidity of any section, subsection, clause or provision of this Contract shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Contract.

39. Substantial Performance

This Contract shall be deemed to be substantially performed only when fully performed according to its terms and conditions and any written amendments or supplements.

40. Taxes

The Fund is exempt from federal, state, and local taxes. The Fund will not be responsible for any taxes levied on the Investment Manager as a result of this contract.

41. Termination

Notwithstanding anything to the contrary, this contract may be terminated by the Fund, in whole or in part, for any reason, by delivery of a Termination Notice at least thirty (30) days prior to the termination effective date, specifying the extent to which performance of services under such termination becomes effective. The Investment Manager shall be compensated for services rendered prior to the effective date of termination. The Fund will not be liable for services performed after termination. The Investment Manager shall be compensated for services herein provided, but in no case shall total payment made to Investment Manager exceed the original contract price. In no event shall Fund's termination of the contract under this section be deemed a waiver of Fund's right to make a claim against Investment Manager for damages resulting from any default by Investment Manager which occurred prior to the termination effective date. Additionally, the Fund may terminate this contract immediately in the event that the Fund, in its sole discretion, considers such action necessary to protect the plan or assets in the trust.

In the event of any termination of this contract, all terms and conditions herein shall continue to apply through the termination effective date and through any period following such date during which Investment Manager shall continue to perform the services required under this contract, in order to complete any transactions pending on the termination effective date and to facilitate an orderly transition to a successor Investment Manager ("Transition Period"). Such Transition Period shall not exceed thirty (30) days after the termination effective date. If Fund terminates this contract, and unless otherwise expressly directed by Fund, Investment Manager shall take all necessary steps to stop services under this contract on the termination effective date.

Upon any termination of this contract by Fund and to the extent directed by Fund, Investment Manager shall continue to serve as a Investment Manager hereunder at the then-existing compensation level for the duration of the Transition Period. After the additional services have been performed, and the Transition Period is completed, Investment Manager may seek compensation for the Transition Period at its then-existing compensation level. Investment Manager shall cooperate with Fund in good faith to effect a smooth and orderly transfer of such services and all applicable records by the termination effective date. Upon termination of this contract, Investment Manager shall retain all Fund records in accordance with the record retention provisions set forth in the Access to Records section of this contract.

42. Travel

No expenses for travel will be reimbursed unless specifically permitted under the scope of services or consideration provisions. Expenditures made by the Investment Manager for approved travel will be reimbursed at the current rate paid by the Fund and in accordance with the Fund Travel Policies and Procedures. Out-of-state travel requests must be reviewed by the Fund for availability of funds and for appropriateness.

43. Work Standards

The Investment Manager agrees to execute its responsibilities by following and applying at all times the highest professional and technical guidelines and standards. If the Fund becomes dissatisfied with the work product or the working relationship with those individuals assigned to work on this contract, the Fund

may request in writing the replacement of any or all such individuals. All services provided by the Investment Manager under this Contract must be performed to the Fund's reasonable satisfaction, as determined at the discretion of the undersigned PERF representative and in accordance with all applicable federal, state, local laws, ordinances, rules and regulations. PERF shall not be required to pay for work found to be unsatisfactory, inconsistent with this Contract or performed in violation of any federal, state or local statute, ordinance, rule or regulation.

44. Background Investigations

All employees of Investment Manager who require access to the Fund's building at 143 West Market, Indianapolis, Indiana, or the Fund's confidential information shall be subject to the following personal background investigations: (i) Indiana State Police criminal history background check; (ii) Federal Bureau of Investigation fingerprint check; and (iii) Indiana Department of Revenue tax liabilities check. The Fund shall, in its sole discretion, decide whether the results of such background checks are acceptable. Costs associated with these background checks shall be the sole responsibility of the Investment Manager.

45. Waiver of Rights

No right conferred on either party under this contract shall be deemed waived and no breach of this contract excused, unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right.

46. Changes

Contractor shall notify Fund in writing within three (3) business days of any of the following changes: (1) Investment Manager becomes aware that any of its representations, warranties, and covenants set forth herein cease to be materially true at any time during the term of this contract; (2) there is any material change in Investment Manager's senior personnel assigned to perform service under this contract; (3) there is any change in control of Investment Manager; (4) Investment Manager becomes aware of any other material change in its business management structure or its business organization, including without limitation the filing for bankruptcy relief.

47. Investigations and Complaints

To the extent permitted by applicable law, Investment Manager shall promptly advise Fund in writing of any extraordinary investigation, examination, complaint, disciplinary action or other proceeding relating to or affecting Investment Manager's ability to perform its duties under this contract which is commenced by any of the following: (1) any Attorney General or any regulatory agency of any state of the United States; (2) any U.S. Government department or agency; or (3) any governmental agency regulating business in any country in which Investment Manager is doing business. Except as otherwise required by law, Fund shall maintain the confidentiality of all such information until investigating entity makes the information public.

48. Ethics Requirement

The Investment Manager and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the Fund, as set forth in Indiana Code § 4-2-6 et seq., the regulations promulgated thereunder, and Executive Orders 04-08 and 05-12, dated April 27, 2004 and January 10, 2005, respectively. If the Investment Manager is not familiar with these ethical requirements, the Investment

Manager should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission website at <<<<http://www.in.gov/ethics/>>>>. If the Investment Manager or its agents violate any applicable ethical standards, PERF may, in its sole discretion, terminate this contract immediately upon notice to the Investment Manager. In addition, the Investment Manager may be subject to penalties under Indiana Code § 4-2-6-12.

49. Authority to Bind

Notwithstanding anything in this contract to the contrary, the signatory for the Investment Manager represents that he/she has been duly authorized to execute agreements on its behalf.

50. Non-Collusion and Acceptance

The undersigned attests under penalties of perjury that he is the contracting party, or that he is the representative, agent, member or officer of the contracting party, that he has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him, directly or indirectly, to the best of his knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he has not received or paid, any sum of money or other consideration for the execution of this agreement other than that which appears upon the face of the agreement.

IN WITNESS WHEREOF, the parties, having read and with full understanding of the foregoing terms of the contract, do by their respective signatures dated below hereby agree to the terms herein, including, if this Investment Management contract by their respective signatures dated below, thereby agreeing completely to the terms herein.

INVESTMENT MANAGER

By: _____
Printed Name: _____
Title: _____
Date: _____

Attested By: _____
Printed Name: _____
Title: _____
Date: _____

INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND

Terren B. Magid, Executive Director

Date

ATTACHMENT A
SCOPE OF SERVICES

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ATTACHMENT B
FEES

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REQUEST FOR PROPOSALS
MANAGER OF MANAGERS FOR EMERGING MANAGER PROGRAM
RFP NUMBER 07-06

EXHIBIT C
FEES

Fees must be submitted in U.S. dollars. The services detailed in Exhibit A of this RFP are the basis for the proposed fees. The proposed fees shall include all costs for providing services to Indiana PERF as described and shall be guaranteed for two years. In no case will the final fee be higher than the fee contained in the proposal. In addition, payment of fees shall be in arrears.

**REQUEST FOR PROPOSALS
MANAGER OF MANAGERS FOR EMERGING MANAGER PROGRAM
RFP NUMBER 07-06**

**EXHIBIT D
MANDATORY MINIMUM QUALIFICATIONS**

Unless otherwise specified, as of the Response Due Date, Respondents must meet the following minimum requirement in order to be considered for the contract:

1. Have annual financial statements audited by an independent accounting firm.
2. Maintain the status of a registered investment advisor under the Investment Advisors Act of 1940, regardless of whether any exemption from registration applies.
3. Offer a separate account, and for a separate account act as a fiduciary within the meaning of applicable Indiana law and ERISA.
4. Offer customized strategies to institutional clients.
5. Agree to comply with Indiana law as it applies to investments made by PERF.
6. Meet all applicable requirements as delineated by PERF's investment policy statement.

**REQUEST FOR PROPOSALS
MANAGER OF MANAGERS FOR EMERGING MANAGER PROGRAM
RFP NUMBER 07-06**

**EXHIBIT E
QUESTIONNAIRE**

The following questionnaire must be completed and included with your Respondent Proposal. The questionnaire has been prepared to obtain responses relative to the Respondent's capability to provide all services required to successfully manage the objectives of the emerging manager initiative.

FIRM NAME: _____

ADDRESS: _____

TELEPHONE #: _____

FAX #: _____

WEBSITE: _____

CLIENT CONTACT: _____

TITLE: _____

DATE: _____

E-MAIL ADDRESS: _____

I. FIRM INFORMATION

1. Give a brief history of the firm including:
 - a. The year firm was established;
 - b. The month and year of Investment Advisers Act of 1940 registration;
 - c. The year the firm began managing fund of funds of emerging managers
 - d. The location of the principal place of business
2. Please detail the ownership structure of the firm. Please include
 - a. Form of the organization (corporation, partnership, LLC)
 - b. Percentage ownership for each principal
 - c. Ownership by Minorities and/or women: is your firm certified as a minority- or woman-owned business?

- d. Any joint ventures or affiliations including any ownership the firm or any entity under its control may hold in other investment firms.
3. Please explain the compensation scheme for investment professionals employed or utilized by the firm including salary, bonus, ownership/stock options, vesting and non-compete agreements.
4. Provide an organization chart showing the relationship between your firm and all parent, subsidiary, affiliate or joint venture entities. Please describe the firm's succession plans.
5. Please identify any other strategies or services in which you engage, other than providing manager of manager programs specializing in publicly traded securities (e.g. brokerage, hedge fund management and similar services). Indicate percentage of firm-wide revenues derived from services other than providing manager of manager programs.
6. Provide a complete copy of your most recent form ADV, Parts I and II. (Any entity considered must be registered with the SEC as an investment advisor under the Investment Advisors Act of 1940.)
7. Please provide an overview of the firm's specific areas of expertise and competitive advantages relative to peers. Please describe the features of the firm's approach that add the most value over time and distinguish your firm versus competitors.
8. Describe the firm's experience with investing with firms in the state of Indiana. Does the firm have experience with other in-state or regionally-based, or industry-targeted, investment programs? If so, please explain.

II. PERSONNEL

1. List your firm's key professionals in the emerging managers' team in the format below. Identify with an asterisk (*) those who will be assigned to PERF's account.

| KEY PROFESSIONALS | | | | |
|--------------------------|-----------------------|---|-------------------|--------------------|
| | | Emerging Mgr Fund of Funds Experience- # of years | | |
| Name | Responsibility | With Firm | Prior firm | Total years |
| | | | | |
| | | | | |
| | | | | |

2. Please include biographies on all investment professionals who would be involved in providing the services required by this RFP in a separate attachment.
3. Please indicate any turnover of professional staff over the past three years.
4. Has the firm or any of the investment professionals ever been involved in any litigation or disciplinary action concerning investment advice or activity? If so, please explain.

5. Please identify any real or perceived conflicts between existing business and personal investment activities.

III. CLIENTS / ASSETS

1. Provide the following information as of June 30, 2007:

| Asset Class | Assets Managed (\$MM) | Number of Clients |
|-------------------------|------------------------------|--------------------------|
| Public Equities: | | |
| International Equities: | | |
| Public Fixed Income: | | |
| Other (specify): | | |

2. As of June 30, 2007, based on the amount of assets under management or the number of consultative relationships, provide a breakdown of how much of your business is institutional (i.e. public & corporate plan sponsors, endowment and foundations).

| Client Type | Number | Assets (\$MM) |
|-------------------------|---------------|----------------------|
| Public Pension Funds | | |
| Corporate Pension Funds | | |
| Endowments | | |
| Other | | |
| Total | | |

3. For the product the firm proposes, please provide the accounts lost and gained over the last five years and the reasons for any lost accounts.

| | Product Name: | Total Assets Gained | # of Accounts Gained | Total Assets Lost | # of Accounts Lost |
|------|----------------------|----------------------------|-----------------------------|--------------------------|---------------------------|
| 2006 | | | | | |
| 2005 | | | | | |
| 2004 | | | | | |
| 2003 | | | | | |
| 2002 | | | | | |

IV. MANAGER DATABASE

1. What is the number of US equity managers in your database? Please include a breakdown of the database that details Minority-owned firms, women-owned firms, and Indiana-based firms.
2. How are managers identified for inclusion in the database and the extent of familiarity your firm has with the managers in the database?

V. MANAGER DUE DILEGENCE

1. Please describe the due diligence performed on a manager's business practice, including, but not limited to:
 - Legal reviews
 - Professional background checks
 - Financial / account reviews / audits
 - Insurance coverage
 - Bankruptcy history
 - Investigation of any prior fraud
 - Reference checking
 - Back office / administration
 - In-office / on-site visits.
2. Please describe the due diligence performed on a prospective manager's investment capabilities, including, but not limited to:
 - Investment philosophy/process/policies/strategies
 - Performance and attribution
 - Time horizon
 - Position analysis
 - Derivatives use
 - Compliance
 - Back office / administration
 - External risk profile
3. Please indicate the frequency with which the firm conducts on-site visits to underlying managers in which you are invested and describe the specific issues addressed in the visits.
4. Do you attempt to lock up capacity with a newly signed manager? Do any of your underlying managers have capacity constraints?
5. How are investment guidelines determined for managers in your programs?

VI. PORTFOLIO CONSTRUCTION PHILOSOPHY AND PROCESS

1. Please describe the firm's investment philosophy and process and how they have changed over the past several years and whether they are expected to change in the future. This should include who makes the final decision on manager selection and briefly outline the decision-making process.
2. Describe your firm's philosophy specifically related to the selection of emerging managers. How many managers are typically held in your fund including the minimum and maximum number of managers?
3. What are the detailed criteria for both the inclusion and removal of managers from your program? What are minimum and maximum asset sizes?
4. How many managers do you track and examine regularly?
5. Describe the minimum manager requirements (assets under management or track record) for a manager to qualify for monitoring and investment consideration.
6. How do you evaluate and validate emerging managers' performance?
7. Provide a list of investment emerging managers currently under contract with your firm in the following format:

| Name | Assets managed (\$millions) | Style | Benchmark |
|-------------|--|--------------|------------------|
| | | | |

8. How do you rebalance portfolios? How do you determine reallocation of assets? What level of cash do you typically maintain?
9. How do you control risk in the portfolio? Please describe how the firm measures risks at both the manager level and the portfolio level. Please state whether the firm measures or models correlations between different manager strategies at the return level or at the position level. How do you monitor potential style drift? Please explain how the firm calculates and verifies accuracy of risk measures at the manager level.
10. Please describe any optimization or risk control techniques used in the portfolio construction process, including techniques such as stress testing or risk budgeting.
11. How does your firm handle emerging managers who grow their assets to such a level that they no longer meet your client's definition of an "emerging manager"? What are your guidelines for "graduating" emerging managers?
12. Please provide a sample manager monitoring report/client report.
13. Do you provide any business guidance to the managers in your program? Describe how you have assisted managers in growing their businesses aside from placing assets with them?

VII. PRODUCT

1. Please provide a model portfolio based both on the “best of class” concept AND a Russell 3000 benchmark, which illustrates for each manager:
 - a. Style classification;
 - b. Assets under management;
 - c. Portfolio weighting; and
 - d. Tracking error.

Also please provide the tracking error for the total portfolio. The tracking error should be calculated over a 3 and 5 year time period, if applicable. For the purpose of this question, it is not necessary to list the actual name of the manager in the sample portfolio; however, the data provided must reflect actual managers, not hypothetical. The portfolio should be based on a \$100 million allocation.

2. Please provide a history of the underlying manager turnover, additions and deletions in the product that you are proposing as shown in the following table.

| | Total Managers Used | # of managers added | # of managers terminated |
|------|----------------------------|----------------------------|---------------------------------|
| 2006 | | | |
| 2005 | | | |
| 2004 | | | |
| 2003 | | | |

3. List by name all managers removed in the last three years and describe why.

VIII. INVESTMENT PERFORMANCE

1. Please provide your monthly returns for the product you propose in the following format.

| Date | Product Name | A | B | C |
|-------------|---------------------|---------------|-------------|-------------------|
| | | Gross Returns | Net Returns | Benchmark Returns |

2. Provide explanations for any periods/funds reflecting significant relative out-performance or under-performance.
3. Are the returns submitted GIPS® compliant? Is there a period for which your returns were not in compliance?

IX. FEE PROPOSAL

1. Provide your standard fee proposal considering a fund size \$100 million, including any breakpoints. Are fees negotiable? Will you negotiate performance-based fees? Are there any other expenses that would be charged?
2. Will you disclose your fee arrangements with the investment managers utilized in your products?

X. OTHER

1. Please state whether the firm receives any fees from managers or intermediaries. If it does, please explain and describe the nature of the relationship.
2. Please describe any actual or potential conflicts of interest that exist between the Manager, investors and the underlying managers and how these are mitigated.
3. Describe how your firm would work with our custodial banks, master record keeper and PERF operations to ensure accruals are properly accounted for and income received on payable dates. Describe your process for reconciling positions, cash balances, pricing and market values with our custodial banks, master record keeper and PERF operations. Your description should include the frequency of reconciliation, tolerance for investigating discrepancies and your method for addressing discrepancies.
4. Please describe the type of information the firm is willing to provide an investor in a separately managed account. Please discuss the firm's willingness to produce composite level risk and performance reports if selected for this mandate. How is this communicated (periodic letter, position report, position description, electronic feed)? Do such reports show allocations to the managers or is aggregated position-level transparency provided to the client?
5. Do you maintain a separate account with each underlying manager in your products?
6. How do you determine what fees to pay the managers in your portfolios?